FBIS DAILY REPORT

MIDDLE EAST & SOUTH ASIA REVIEW

20 DECEMBER 1983

PLO Affairs

The first of the five Greek ships that are to evacuate Palestinian fighters loyal to PLO Executive Committee Chairman Yasir 'Arafat arrived in Tripoli early on 20 December, Beirut radio announced. Earlier, in preparation for the evacuation, pro- and anti-'Arafat Palestinian forces in the city exchanged prisoners, the loyalists having held 40 people and the dissidents 24, the radio added, while Lebanese Prime Minister Shafiq al-Wazzan was informed that 'Arafat had agreed to hand his heavy weapons over to the Lebanese Government. Meanwhile, Israeli gunboats watched the evacuation preparations and the arrival of the Greek ships from their positions offshore without interfering, the radio reported.

In contacts initiated by the Greek Government on 19 December, Israel refused to give any clear-cut commitment that it would not harm the Greek ships taking part in the evacuation, Jerusalem television reported. Meanwhile, Deputy Prime Minister David Levi told Jerusalem radio that during his recent visit to Paris he informed French officials of Israel's displeasure at French and Greek plans to aid in 'Arafat's departure. Levi stated that French officials told him that they are demanding that 'Arafat "repudiate terrorism" in exchange for their assistance. In another report Energy Minister Yitzhaq Moda'i, who was quoted by the radio, stated that the Greek and French governments have received 'Arafat's assurances that there will be no more terrorist attacks in their countries.

Previewing the situation after the evacuation, PLO deputy military commander Khalil al-Wazir told the London-based *AL-MAJALLAH* that he will go to Jordan for further meetings of the Palestinian-Jordanian Committee and noted that "it is possible" Palestinian fighters may once again be stationed in that country and Iraq. In an interview with Kuwait's *AL-WATAN*, reported by Algiers Voice of Palestine radio, Al-Wazir predicted the PLO "will consider" calling a special session of the PNC in order to "resolve some organizational issues" and "define positions directly."

Lebanon

Security — The IDF clashed with gunmen in Sidon after an attack on an Israeli patrol in the city caused casualties, Voice of Lebanon radio reported on 20 December. Meanwhile, the Israelis cut the coastal highway south of Sidon after an explosion near an Israeli position in the Tyre area, according to Beirut radio.

Earlier, Beirut radio reported that shooting occurred when the IDF roadblock at the Al-Awwali River Bridge stopped a French UNIFIL military convoy on 19 December. Israeli and UNIFIL officers then conducted negotiations in order to overcome the problem, the radio added.

Commenting on the 19 December Israeli air attack on targets in Bhamdun, Jerusalem radio said Israeli pilots hit two buildings housing Palestinian dissidents under the command of Colonel Sa'id Musa Muragha. The raid was intended to warn the Druze to keep their promise to keep the Ash-Shuf free of "terrorists," the radio revealed. Meanwhile, another convoy of Christian refugees was evacuated from Dayr al-Qamar to Beirut without problems and if the evacuation process continues smoothly it will be completed by the weekend, according to the radio.

Damascus Meeting — Prime Minister al-Wazzan expressed satisfaction with the "positive aspects" of the recent meeting of the Lebanese, Syrian, and Saudi foreign ministers in Damascus, "even though the Syrian position on the 17 May agreement has not changed," Beirut radio reported.

Kuwait

A senior official cited by *AL-WATAN* stated that the issuance of visas for all Arab and other foreign nationals has been suspended indefinitely, adding that visas will be issued only to "dignitaries who are well known" to Kuwaiti officials, according to QNA. In another development, Minister of State for Cabinet Affairs 'Abd al-'Aziz Husayn, cited by KUNA, confirmed that a security court has been formed to try those accused of the 12 December bombings. The defendants' dossiers have been completed and will be passed to the public prosecutor's office.

Meanwhile, the Iranian Education and Training Ministry, in a statement reported by Tehran radio's Arabic service, denounced the Kuwaiti Government's detention of the supervisor of Iranian schools in Kuwait and other Iranian school officials and called for their immediate release.

Israel

Two people were wounded on 20 December when "booby-trapped hand grenades" exploded at the entrances of a mosque and convent in Al-'Ayzariyah, east of Jerusalem, according to Jerusalem radio. IDF Radio announced that an unidentifed person claimed responsibility on behalf of the "Terror Against Terror" organization.

Iraq

Presidential envoy Donald Rumsfeld arrived in Baghdad where he was met by the chief of the Foreign Ministry's protocol department, INA reported.

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India, Pakistan 'May Meet' 4-7 January

BK191623 Delhi Domestic Service in English 1530 GMT 19 Dec 83

[Text] India has proposed to Pakistan that the two joint subcommissions on information and travel matters may meet in New Delhi from the 4th to the 7th of next month. The subcommissions are among the four set up in June last in Islamabad when the Indo-Pakistan joint commission met for the first time. It was agreed that the two other subcommissions would meet in Islamabad and India had requested the Pakistan Government to suggest a date for the purpose. One of these deals with economic cooperation and the other with trade matters.

India's disappointment at the lack of progress in the work of the subcommissions was conveyed by the secretary in the External Affairs Ministry, Mr Natwar Singh, to the Pakistan ambassador, Mr Riaz Piracha, in New Delhi today. He also reaffirmed India's willingness to discuss all facets of bilateral relations and underlined New Delhi's keen desire to continue the process of normalization.

Mr Natwar Singh also invited Mr Piracha's attention to certain objectionable references to India at a conference in Islamabad earlier this month. The subject of the conference was "Islam Today," and it was inaugurated by President Ziaul Haq. An official spokesman told newsmen in New Delhi that unwarranted references were made to India in relation to Jammu and Kashmir and about relations between various communities in India. Mr Natwar Singh pointed out to Mr Piracha that Jammu and Kashmir is an integral part of India and relations between one community and the other are an internal matter. Such objectionable references run counter to the spirit of the Simla agreement.

Gandhi Rejects Speculation on Midterm Poll

BK191350 Delhi Domestic Service in English 1230 GMT 19 Dec 83

[Excerpt] The prime minister has turned down the speculation of some opposition leaders that a midterm poll is around the corner. Talking to newsmen on her arrival in Lucknow today, Mrs Gandhi said that the coming by-elections to 3 Lok Sabha and 10 assembly seats and their results have no relation to any change of leadership in the Congress-I-ruled states.

When asked about the Punjab problem, the prime minister said that the government is trying to solve it and has taken certain positive steps in this direction. Replying to another question, Mrs Gandhi said that the government is trying to persuade the state governments to cooperate with the center in popularizing the national program of Doordarshan [TV] and All-India Radio. The center does not intend to put any pressure on for this.

About beef tallow controversy, she said the commerce minister has given a befitting reply to the issue raised by the opposition leaders. Mrs Gandhi said the opposition could not reply to the points raised by the minister in parliament.

Parliament Passes Bill on Illegal Migrants

BK191705 Delhi Domestic Service in English 1530 GMT 19 Dec 83

[Text] Parliament has passed the Illegal Migrants Determination by Tribunals Bill, 1983. The Rajya Sabha today adopted the bill which was passed in the Lok Sabha last week. The bill, among other things, provides for the establishment of tribunals for the determination of the question whether a person is an illegal migrant to enable the central government to expel him.

Replying to the day-long discussion, the home minister, Mr P.C. Sethi, said the guidelines for the tribunals will be finalized shortly. The suggestions made by the members will be given due consideration. He said the bill was brought forward in pursuance of a consensus reached at talks between the prime minister and the opposition leaders to find a solution to the foreign nationals issue in Assam. Mr Sethi said that the bill seeks to strike a balance between the demand and the interests of various sections of people in the state.

Replying to a specific question, the home minister said that the government has been attempting to restore normalcy and is always prepared for the resumption of negotiations. But he made it clear that this does not mean all the demands of the agitation leaders are to be accepted.

An opposition resolution, moved by Mr Jaswant Singh, Bharatiya Janata Party, and others, disapproving the ordinance promulgated by the president on the 15th of October last, was rejected by a voice vote. All opposition amendments were also negatived. Replying to the discussion on his resolution, Mr Jaswant Singh refuted that any consensus was reached during the talks between the opposition leaders and the prime minister. He urged the government to hold a special census for the revision of the electoral rolls and order fresh elections in the state.

Earlier, taking part in the discussion, members of the ruling party welcomed the bill, describing it as a bill in positive step in the solution of the foreign nationals issue. Some opposition members opposed the bill and alleged that the government is trying to divide the people of Assam by enacting the legislation.

AFP Correspondent Visits Bangladesh Border

BK200224 Hong Kong AFP in English 0143 GMT 20 Dec 83

[By Sabita Goswami]

[Text] Gauhati, India, Dec 20 (AFP) — The Indian Government, which has agreed to take measures to stop the migration of Bangladeshis into Assam, will soon start erecting a barbed-wire fence along the border between Bangladesh and the northeast Indian state, official sources here said.

A stop to the further influx of migrant settlers has been one of the demands of indigenous Assamese who have been leading a bloody campaign for the last four years to detect and expel several million Bengali and Nepalese settlers who have entered Assam since 1961.

The construction of the fence, to be interspersed with tall check-points and walls in some sections, is estimated to cost the central exchequer about 5,000 million rupees (about $500 million).

Only 152 km would have to be covered by the fence as the rest of the 270-km long border is riverine.

No boundary demarcation is possible along the riverine route of the mighty Brahmaputra river as it creates and submerges islands during its flow through the entire length of Assam. It enters northeast India from Tibet and reaches Bangladesh at Dhubri, about 320 km southeast of Gauhati.

A survey of the land and riverine border areas and interviews with the people and border forces commanders by this correspondent revealed that there could be no foolproof way of sealing the border against Bangladeshi immigrants.

There has been no official demarcation of the border at Dhubri since Bangladesh, formerly East Pakistan, was partitioned from the sub-continent by the British at the time of independence in 1947.

The area is an unending stretch of green fields, with an occasional farmer's hut, and a narrow footpath that finds one sometimes in Bangladesh and sometimes in Assam.

Farmers from one side go to the other to work in the fields during the day and return home in the evening and vice-versa.

A Border Security Forces officer said: "We cannot distinguish between a Bangladeshi and an Indian. We depend entirely on the people of the area to tell us who is who.

"Due to shortage of food, high prices and more mouths to feed, people from the other side (Bangladesh) sneak into this side. When we can identify them we push them back," he added.

Village chief Pradip Roy of Sonarhat, in Dhubri District, said people from Bangladesh who had relatives in Assam crossed over for weddings and other ceremonies.

"But now as vigilance has been intensified, it has become difficult for people from either side to move," he said.

Residents of Satrasal and Jashkhal villages were amazed when told that a barbed-wire fence was to be erected. They asked how the fence could be built when several houses were situated astride the boundary line with the kitchen on the Bangladeshi side and bedroom in Assam.

These residents did not believe that the government would actually go through the process of demolishing the houses and thought that the whole thing was propaganda.

Officers of security forces in the area said the most difficult part of their "stop infiltration" operation would be the riverine route of 118 km through the Brahmaputra.

They said that although increased patrolling by speed boats would help to some extent, it was impossible to match the knowledge of the residents of the riverbanks about the course and general layout of the river, which is 3 to 4 km wide in some parts.

The Brahmaputra has the reputation of creating new islands, submerging old ones and changing course regularly during and after the monsoon season.

The officers also found their job difficult to fulfil because of the lack of a no-man's land anywhere along the entire border.

A Congress legislator, Bassiruddin Ahmed, said: "It (the fence) is a useless proposition, even a cattle fence in one's compound is to be watched."

One Border Security Force commander, who did not want to be named, said: "To check human infiltration effectively, the border will have to be patrolled day and night. We simply do not have enough men to do that."

PAKISTAN

USSR To Provide Credit on Thermal Powerplant

BK201022 Karachi Domestic Service in English 1005 GMT 20 Dec 83

[Text] The Soviet Union has agreed to provide Pakistan a credit of $277 million on fairly soft terms for the thermal powerplant at Multan. It will be repayable in the form of Pakistani goods.

This was stated by the federal finance minister, Mr Ghulam Ishaq Khan, while talking to newsmen at Islamabad Airport this morning on his return from Moscow after a 6-day visit to the Soviet Union. He said, in addition, the Soviet Union would also make available commercial credit to cover the cost of erection of the plant and some related services.

The Soviet Union had also agreed to supply two deep drilling rigs, costing $6 million, for oil exploration.

Ziaul Haq Addresses Religious Conference 18 Dec

BK180805 [Editorial Report] Karachi Domestic Service in Urdu at 0508 GMT on 18 December carries live a speech by President Mohammad Ziaul Haq at the inaugural meeting of the national conference on the prophet's life, held at the Federal Advisory Council hall in Islamabad.

Zia speaks about the vast scope for discussion on the prophet's life and the all-comprehensive nature of Islamic teachings. He announces that, in Pakistan, no one will be allowed "to play with the ideology of Islam."

Continuing his speech, Zia recalls the basis on which Pakistan was established and points to Islamization efforts by the present government. Noting deficiencies in the Western judicial system, he urges popular support for Islamization of the judiciary in Pakistan and deals at length with government steps in this regard. He also refers to other vices in society, such as obscenity, and notes government steps to provide justice toward women.

Turning to the economic aspect of the Islamic system, Zia notes the uniqueness of the system, saying it does not favor capitalism or socialism. He elaborates on its features, citing the teachings of the prophet in this context. He briefly refers to assistance to Afghan refugees out of Islamic spirit and concludes his 110-minute speech at 0658 GMT by calling on people to pray to God to make Pakistan a truly Islamic state.

SRI LANKA

Delhi Cites TULF Leader on All-Party Talks

BK191129 Delhi Domestic Service in English 0830 GMT 19 Dec 83

[Text] The Tamil United Liberation Front [TULF] has no intention of participating in the nine-party conference on the Tamil issue convened by the Sri Lanka president, Mr Jayewardene. The talks are scheduled to be held on Wednesday. The TULF secretary general, Mr Amirthalingam, said in Madurai that the invitation of the talks was extended to the now defunct Federal Party, which is one of the constituents of the TULF.

Briefs

Swedish Aid — The Swedish Government will provide 1,578 million rupees within the next 3 years as aid to Sri Lanka. A little more than 1.5 million rupees out of this amount will be spent for the (Kotmalaya) project. The balance will be allocated for the Matara and Badulla integrated rural development programs. These details were disclosed after a meeting between the finance and planning minister, Ronnie de Mel, and a group of representatives of the Swedish aid group which was held in Colombo yesterday. (Excerpt) [Colombo International Service in English 1045 GMT 16 Dec 83 BK]

Khomeyni Addresses Reconstruction Crusade Officials

LD191227 Tehran Domestic Service in Persian 1030 GMT 19 Dec 83

[Text] The imam's representative on the Reconstruction Crusade, 'Abdollah Nuri, accompanied by members of the Crusade's central council, was received this morning by Imam Khomeyni, leader of the revolution and founder of the Islamic Republic of Iran. In the course of the meeting, the imam's representative briefed the imam on the activities of the Crusade in the villages and on the battlefronts, including its services in building rural roads and providing welfare. Afterward, Imam Khomeyni, the hope of the world oppressed peoples, said the following on the eve of changing the Crusade into a ministry:

In the name of God, the compassionate, the merciful. I want to express my appreciation to the Crusade for its services in the villages and on the battlefronts. I have often remarked about the Crusade's services on the battlefronts. This organization's services throughout Iran are impressive, having always had our approval. You must take care and render your services for the sake of God; you should seek your rewards from God rather than from the government and the nation. We must do things for His satisfaction.

As for the Crusade's budget, God willing, once a minister is appointed to this position he will review the situation. As for me, I will recommend that the government pay more attention to the deprived people.

Working in the rural areas is extremely important. In the past, rural areas used to be ignored and no elementary work was done for them. Without the people's support, even today, the government would not be able to attend to them either. Thank God and the efforts made by our young people the situation in rural areas is being improved.

Iran is a country whose agriculture must constitute the basis of everything. Those who claim we cannot become self-sufficient in agriculture are not well-informed. As for villagers, they must try not to come to cities; they must try to stay where they are, because they would not really want to live as our city-dwellers —those living in the better parts of towns — live. Therefore, they must stay in their villages. God willing, the government will attend to their situation. God willing, the Reconstruction Crusade will gradually cope with the deprivations of the villagers. The Crusade has acted properly. Once you join forces, everything will be done quite satisfactorily. If you stick together, then you can rest assured that difficulties will be resolved. Try to do great and good things for Islam and the Muslims, saving the oppressed people from oppression and difficulties. My own representative will remain in the Crusade and will continue his work. God bless you all.

Ministry Calls on Kuwait To Release Detainees

GF200604 Tehran International Service in Arabic 0400 GMT 20 Dec 83

[Text] Following the detention of the supervisor of the schools of the Islamic Republic of Iran in Kuwait and a number of employees of these schools, the Education and Training Ministry issued a statement denouncing the measures undertaken by the Kuwaiti Government. The statement called for the immediate release of the supervisor of the Iranian schools and their employees.

IRNA Notes Increased U.S. Security Measures

GF191646 Tehran IRNA in English 1623 GMT 19 Dec 83

[Text] Tehran, Dec. 19, IRNA — After a series of explosions at U.S. Embassies in Beirut and Kuwait by revolutionary Muslims, White House rulers are planning for precautionary measures to avoid such events.

These explosions are indicative of the profound hatred of oppressed people of imperialist policies of the United States which is, following an explosion at the Congress building, in the heart of Washington, afraid of an all-out movement shaking its domination seeking pillars in its power centres.

Instead of realising their aggressive nature and the depth of the hatred against themselves, White House rulers first staged poisonous propaganda against the Islamic Republic of Iran and along with it, by spending millions of dollars, embarked on new security measures to protect their missions abroad, and their administration offices inside the United States.

These security measures include establishment of high concrete walls around government buildings, similar to measures taken in mid-1970 for the security of the White House.

Envoy Denies Kuwait Blast Involvement

LD192201 Tehran IRNA in English 1959 GMT 19 Dec 83

[Text] Washington, Dec. 19 IRNA — Dr. Seyed Rajaie-Khorassani, Iran's representative at the U.N. denied today the unfounded claims of U.S. authorities and mass media on the involvement of the Islamic Republic in the recent bomb blasts in Kuwait. He went on saying that since the United States wanted to divert public opinion from main subjects, it had to introduce someone responsible for these measures. Under the present conditions, he said, the best way for them was to accuse Iran, as the Islamic Republic had proven to be anti-imperialist and the U.S. interests had been threatened seriously by the Islamic Republic in Iran and in the Middle East.

Speaking in an interview with ABC and CBS T.V. networks Dr. Rajaie-Khorassani attacked U.S. interference in the Middle East adding that it claimed to act as a peace protector in Lebanon but had practically participated in attacks against the people there. Therefore, the people would not remain silent and would take measures against it (U.S.), he said.

Replying to a question on whether the motive of those carrying out these suicidal operations was religious and in accordance with the holy Quran, Iran's representative remarked that such missions did not always have religious motives, as those undertaken by the Japanese pilots during the II World War. He said, if one had studied the present world image of the United States, he would realise that it had been damaged by the U.S. administra-

tion policies. You would see demonstrations in all Europe against the United States. Even in England which was the best ally of the United States, people shouted "yankee go home." Similar occurrences were also witnessed in Germany or the Middle East. One would see that the opinions were against the United States in the Arab world, he said.

Dr Rajaie-Khorassani continued that the United States was increasing its support for the subservient regimes in the Middle East, Latin America or other places, adding "now that you have diverted the public opinion from the main issues you want to investigate whether the motive for such an action is religious or not."

A reporter admitting to the protests in Europe against the U.S., remarked that however it was only in the Middle East that bombings took place. To this Iran's representative answered that each action generated a like reaction and this depended on the existing circumstances. If the U.S. carried out in Europe what they had done in the Middle East, their friends in Europe would, most probably, show reactions similar to those in the Middle East.

Asked whether he did not consider the recent bomb attacks as terrorist operations, Dr. Rajaie-Khorrasani said, "We should condemn all factors which cause such operations. Terrorism is what you have done in Lebanon, you have frightened the people and they have responded. Why do you call one side terrorist and not the other?" he asked.

Khamene'i Receives Ground Forces Commander

LD192309 Tehran IRNA in English 1954 GMT 19 Dec 83

[Text] Tehran, dec 19 IRNA — Despite all the propaganda against the Islamic Republic, underneath there is a deep feeling of respect towards a nation that has courageously stood against threats and pressures, said President Khamene'i in a meeting with the commander of the ground forces, Colonel 'Ali Sayyad-Shirazi, and other military officers.

The president said for a long time there was an attempt world-wide to deny the fact that Iraq had initiated the war against the Islamic Republic. "But when the positive and negative effects of this several-year-old war became apparent in the world, they could no longer stick to its emotional aspect and thus the world began to become realistic and they all came to understand that this war was imposed on Iran."

He said that the Muslim people of Iran were not war-mongers but once an aggression was launched against them they had to defend themselves or else they would lose their existence, their homes and future.

Said the president, "We are now in a situation in which we feel that surrendering to the pressures by the powers backing the Iraqi aggression regime would be to close our eyes on all the values gathered by our nation in the past centuries."

The Iraqi imposed war, he said, would bring honour to the Iranian Muslim people just as the Islamic revolution had. "Fortunately," the president added, "by resisting (in the war) we have been able to make our enemy and the reactionary governments support it, to regret this aggression."

Armed Forces Joint Staff Communique No 1,577

LD191805 Tehran Domestic Service in Persian 1630 GMT 19 Dec 83

[Communique No 1,577 of Joint Staff of Armed forces of Islamic Republic of Iran]

[Text] In His exalted name. Yesterday, the fighting forces of Islam — executing heavy fire in Piranshahr, Khajehomran, and Sar Dasht operational regions — prevented enemy movement and destroyed nine trucks carrying Iraqi personnel. In the Panjwin area, the activities of enemy infantry personnel to reinforce and strengthen their defensive positions were stopped as a result of fire by our forces.

On the southern fronts, the exchange of sporadic fire continued yesterday; it was more intense in the Zeydi area. On one of the southern fronts, a number of enemy patrol groups who were supported with artillery fire, tanks, and 106-mm guns clashed with our fighting forces. As a result of the timely fire of our forces, their activities were disrupted and they were forced to flee after suffering a number of casualties. On another front in the same region, a number of enemy infantry personnel were trying to infiltrate our defensive positions, but they were forced to flee as a result of the vigilance and timely fire of the fighters of Islam.

During the exchange of fire on the Arvand Rud banks, our forces opened fire on enemy positions and fortifications. As a result, seven foxholes and slit trenches, two observation posts, and one ammunition depot of the forces of Saddam were destroyed.

Yesterday, as a result of long-range enemy fire, five residential units in Esfahan were damaged.

[Signed] Joint Staff of the Armed Forces of the Islamic Republic of Iran

IRNA Surveys War's Effects on Iraqi Economy

GF161740 Tehran IRNA in English 1531 GMT 16 Dec 83

["Effects of Iraqi Imposed War on Iraq's Economy" — IRNA headline]

[Text] Tehran Dec. 16 IRNA — The Iraqi regime, due to the false reports it received on internal situation in Iran specially on the armed forces, launched an extensive invasion against the Islamic Republic under circumstances which led it to believe that it could occupy, within three days, large areas of the Iranian territory, especially the oil-rich areas.

It was also aimed at gaining popularity for the Iraqi ruler Saddam Husayn inside Iraq, and fame in the world, particularly among the Arabs, as the most powerful country in the Persian Gulf region.

But, continuation of the war proved to the Iraqi regime and its supporters that mere reliance on material issues and disregarding divine force and the power of the revolution and Islam, would have such adverse consequences.

Now, after three years since the outbreak of the Iraqi imposed war, the Baghdad regime has not only failed in achieving its targets, but is facing a situation which makes its downfall more likely then ever.

Iraqi foreign reserves have suffered a sharp decline from 35 billion dollars to 2 billion dollars during the 39 months of the war, while Iraq's oil exports dropped to one-fifth in spite of Saddam receiving billions of dollars of loans and Saudi and Kuwaiti regimes selling tens of thousands of barrels of oil per day on its behalf.

At present Iraq is facing a serious economic crisis and has lost its credibility at international arena since it is not able to pay for its development and current expenditures. Inflation rate has exceeded 50 percent and deprived Iraqi people are living in the worst conditions.

This article aims at a survey of Iraq's internal economic situation first, and then its adverse effects on foreign countries and companies.

This study will also include a brief review on Iraq's economic situation prior to the imposed war, its impacts on Iraqi oil revenues and development projects, and war difficulties overshadowing international economy.

Due to the lack of access to reliable sources and confirmed figures, reports of western mass media have been used which could not be completely accurate since these mass media have always supported Saddam and thus tried to print figures in a way to show a relatively better condition. But, in some cases even these media could not ignore the reality.

Iraq's Economic Situation Prior to the Imposed War

To comprehend the dimension of the effects of Iraqi imposed war on the economy of that country more clearly, it is necessary to cast a quick glance at Iraq's economic situation before the outbreak of the war.

Gross national products estimated 32.9 billion dollars for 1980, per capita income estimated 2,500 dollars for 1980, inflation estimated 8.5 percent for 1981.

Manpower distribution: Agricultural sector 42 percent, Industries and commerce 26 percent, Services 32 percent.

Oil exports: 3-3.5 million barrels per day for 1980.

Oil revenues: 20-25 billion dollars for 1980. (Source: World Political Risks Forecast (Iraq)-Frost and Sullivan Corp.)

The above figures are indicative of the fact that Iraq, relying on its revenues from 3-3.5 million barrels of oil per day exports, intended to destroy domestic economy and convert it into a totally oil dependent one. Saddam's regime has always had in mind the idea of increasing its oil exports up to five million barrels per day.

Although with a foreign reserve of over 35 billion dollars and some 20 to 25 billion dollars of oil revenues, Iraq had a slight deficit in its budget, it still rendered financial aids to countries such as Jordan.

According to the representative of Iraq to the previous ministerial session of the Group 77, his country extended an aid of some 9.5 billion dollars to a number of developing countries from 1972 to 1981.

In the early stages of the war, Iraq aiming at immediate victories, launched a giant five year (1981-1985) economic plan which besides being impractical was conducive to further dependence of that country on the West.

FINANCIAL TIMES of London reported that Iraq will be turned into the best market in the Middle East for construction contracts.

The total costs of the economic programme of Iraq were estimated to be 75 billion dollars and according to the Iraqi regime the objective of the plan was to develop infrastructure of the country's economy, diversify industries and reach self-sufficiency in agriculture and improve health care, education and employment.

At the beginning only the budget for the first year of the plan was announced, and in a bid to quell social unrests one of its priorities was to build 340,000 housing units for low-income people. Building of roads was another priority to which a budget of 1.8 billion dollars was allocated.

After the outbreak of the Iraqi imposed war, due to financial problems caused by it, in addition to cancelling these programmes, those in the process were also suspended one after another.

Present Status of Iraq's Economy

Income sources of Iraq: Due to the economic structure of Iraq, the country's budget depends mainly on revenues of oil exports. Meanwhile other revenues include domestic sources and borrowings from the bank system. Prior to the outbreak of the Iraqi imposed war, Iraq exported its oil through three ways. First, oil terminals in the Persian Gulf. Second, a pipeline through Syria which took the Iraqi oil to the Mediterranean Sea. Third, a one thousand km pipeline through Turkey which transferred the Iraqi oil to the Black Sea. However, after the start of the war in September 1980 Iraqi oil exports through the Persian Gulf was halted and oil was exported through the said two pipelines. Later on the Syrian Government stopped Iraqi oil exports via the pipelines which run through Syria, consequently at present oil is exported solely through the Iraqi-Turkish pipeline. The maximum oil which could be exported through this line is 650,000 barrels a day. However the Iraqi-Turkish pipeline is highly vulnerable especially because of the sabotage activities of the Iraqi Muslim mujahidin. As a result most of the time oil exports made through this pipeline is [as received] far below its capacity.

For instance on June 17, 1983 the Iraqi Muslim mujahidin in a missile attack blasted the pipeline at a point between the two Iraqi cities of Al-Musil and Ba'iji. All these factors have made the Iraqi oil exports to drop to one fifth of the pre-war time. Now the main customer of Iraq's oil is France and oil exports to other countries have stopped. For example the Swedish newspaper *EXPRESS*, in an article said that Iraqi oil exports to Sweden has stopped and at the same time the non-oil exports have dropped sharply. The volume of Iraq's exports to Sweden in 1982 was only limited to one million krone. Following decline in revenues, the Iraqi Government at the beginning covered its needs through its foreign exchange resources and once these resources were drained, it had to resort to international monetary organisations and the reactionary regimes of the region for aid. Along with this the Iraqi Government increased the volume of its hard cash without any backing.

The reactionary governments of the region have financed the Iraqi imposed war by giving non-returnable loans to the Baghdad regime and have compensated for the fall in Iraq's revenues. In this connection since the outbreak of the Iraqi imposed war Saudi Arabia has been selling 600,000 barrels of oil a day on behalf of Iraq, and Kuwait also has been selling 360,000 barrels per day on behalf of Iraq.

Decline in oil price from dls 34 to dls 29 pb caused by the reactionary members of the Organisation of Petroleum Exporting Countries (OPEC), dealt another shattering blow on Iraq's economy and intensified its economic difficulties. In a report on deteriorating economic situation in Iraq, the French news agency (AFP) said that the current years budget of Iraq has a 10.8 billion dollar deficit. Iraq has been experiencing such a budget deficit at a time when it has halted all its projects except those for military purposes and has also cut its spendings including a 50-60 percent reduction from the budget allocated for public sector.

In addition to decline in oil revenues, the domestic income of Iraq had suffered a decline. Output of the Iraqi industries because of shortage of primary materials, manpower and financial problems has declined and this holds true for Iraq'sagricultural sector. A report by the *BAGHDAD OBSERVER* on agricultural output of Iraq said that between 1968 and 1982 production of basic agricultural items has dropped drastically, and despite a fifty percent increase in population, wheat production has dropped from 1.53 million tons to 960,000 tons.

At the same time rice output has dropped to 160,000 tons a year from the previous 350,000 tons and cotton crop to 14,000 tons a year from 23,000 tons. Consequently Iraq depends more heavily on imports of its needed foodstuffs.

The continuous decline in revenues has made Saddam take measuresto increase its revenues and look for new domestic sources of income. None of Saddam's measures to increase domestic revenues has provided him with a remedy. Such measures which are indicative of despair of the Iraqi regime, include increase in taxes and demanding Iraqi people to donate money, jewels and gold.

However, attempts of the Iraqi regime to make the public to donate money and gold has been unsuccessful so that it has made it compulsory. According to those who have escaped Iraq, any Iraqi family which does not have any gold or jewelry to donate, is compelled to pay 50 Iraqi dinars.

Furthermore by expelling the Muslim people of Iran under the pretext of being supporters of the Islamic revolution of Iran, the Iraqi regime is confiscating their properties. In this connection Radio Cologne in its Farsi programme of August 16, 1983 commented on effects of the war on Iraq and said that the Iraqis budget for war was running out. In a detailed report the radio quoting its correspondent in Baghdad, said that a sign in front of a villa neighboring the presidential palace guarded by armed soldiers read "office of information."This place is one of the many centers for collection of material and cash donations of Iraqi people which people apparently donate to be used in the war.

The report added that every night television shows donators in elegant dresses and smiles that make donations at presence of Saddam Husayn. [sentence as received] However such an enthusiaism could not be seen at the centers established for this purpose. A donator before giving away a gold neckless or bracelet, sadly touches it for the last time.

It also said that people did not just go to these centers to offer their donations to a single government official sitting there. In cities like Basra, the armed soldiers go to the people and ask for such donations.

In addition the Iraqi regime has been confiscating properties of people under the pretext that they have been refusing to go to the warfronts. At the same time last October the Iraqi regime in return for 6,000 dollars exempted Iraqi draftees residing in the Persian Gulf countries from compulsory military service.

Also in October, three Iraqi officers went to Cardiff University in Wales, and forcefully demanded Iraqi students there hand over their gold and jewelry.

Iraq recently allowed Iraqis and foreigners to carry gold with them into Iraq, as a further mean to boost its income. REUTERS News Agency said in a dispatch from Baghdad that before the new law the Iraqi Central Bank was the only importer of gold and jewelry makers purchased their gold from the bank. REUTERS said that the new law permits every Iraqi citizen to bring into Iraq a maximum of 250 gm of gold in the form of jewelry without paying tax, and gold more than 250 gm would be taxed 35 percent. Non-Iraqi residents can only bring gold bars into the country and must pay 35 percent tax.

None of these measures, However, have proved sufficient enough in eliminating even a small portion of Iraq's financial problems, such that it was forced to close a number of embassies and cultural and educational centres in several countries. This action serves to decrease its foreign expenditures to some extent because as a result the Iraqi regime cashed in on the sale of various items in its embassies and centres. Some of the Iraqi embassies and centres which were closed down were the Iraqi cultural centre in Paris, and the Iraqi embassies in Guyana, the Maldives, and Nicaragua.

Iraq is undertaking projects to boost its oil exports, and therefore its foreign income, in order to respond to its creditors which have exerted much pressure on the regime. These creditors, and especially France have made every effort to speed up these projects and receive some payments as soon as possible. One such project is the setting up of new oil pumping stations and pipelines to Turkey and to Saudi Arabia as well as exporting oil by tanker-trucks from Jordan's port of Al-Aqaba. Jordan agreed in September to the export of 140,000 barrels of oil per day by Iraq with the use of tanker-trucks. Iraq also took a number of steps early this year to secure loans worth 120 million dollars from international banks for the expansion of its pipeline in Turkey.

The 1,000-km pipeline could transfer 300,000 barrels of oil per day to Turkey's ports. A Japanese company had received an order from Iraq to build the pipeline at an estimated cost of 70 million dollars and it will be completed in the first months of 1984 if everything goes according to the plan.

The British trade minister told REUTERS several months ago that he expected British companies to help Iraq in increasing its oil exports by taking part in the construction of the new pipeline. This other new pipeline mentioned is to be built from Iraq through Saudi Arabia to the Red Sea and four British companies are hoping to take 25 percent share in its construction, which will cost two to three billion dollars.

According to reports, the Iraqi regime is also planning to set up floating oil terminals in the Persian Gulf which will be guarded by the Super Etendard planes.

Iraq's income shortages and expenses: Before its aggression against the Islamic Republic, Iraq's corrupt rulers did not spend their oil income appropriately. Most of the income was spent to set up oil-related industries and to purchase military hardware as well as to implement projects which would make the country's economy more and more dependent on foreign countries. But despite all the waste and embezzlement among the Ba'th officials, the Iraqi regime had no other way but to spend some of its income on preventing domestic unrest and on the implementation of development projects and on the import of necessary goods.

Although the imposed war brought temporary victories for Iraq in its initial stages, Iraq's oil exports on the other hand became limited and the regime was not able to make up for its huge domestic expenses. But the apparent initial victories in the war had intoxicated Saddam Husayn and in order to artificially maintain the people's prosperity, he began importing enormous amounts of goods and weapons.

In those days he gave a home, a piece of land and a Chevrolet to the families of the soldiers fighting in the war, in order to prevent the families from protest. Of course these measures did not last and Iraq gradually reduced its give-away offers to the families of a growing number of soldiers killed or wounded in the war. The Chevrolet was replaced by a Toyota and finally to a Brazilian-made Volkswagen.

Today the rising financial pressures from more than 35,000 Iraqi soldiers killed in the war, 45,000 prisoners of war and 70,000 wounded soldiers have not only forced a halt in the give-aways but the regime is seeking various ways to take away the wealth and belongings of the Iraqi people in order to pay international arms makers.

In any case the military costs of the war which stand at 12 billion dollars a year, in addition to the destruction and capture of its previous weaponry in the war and the side-costs of the war have caused the eventual decline of Iraq's foreign reserves and the seeking of more loans and aid to purchase more weapons. These weapons are ordered from various countries, namely in France, China and the Soviet Union. The orders are so much that according to reports, French military factories are not able to meet all of Iraq's demands because of limited production and the French Government has provided arms from its own stockpiles in order to save the Iraqi regime from defeat. It is estimated that Iraq has purchased about 40 billion francs worth of weapons from France since the start of the war in September 1980, not accounting Iraq's recent purchase of Super Etendard planes and Exocet missiles.

Article Continuation

GF171720 Tehran IRNA in English 1547 GMT 17 Dec 83

["Effects of Iraqi Imposed War on Iraq's Economic Situation (Part 8)" — IRNA headline]

[Text] Tehran Dec. 17 IRNA — The following is the continuation of an article on the effects of the Iraqi imposed war on that country's economic situation. The first seven parts of this article was carried by IRNA on Friday.

More than 75 percent of French arms exports are purchased by Iraq and Saudi Arabia. In addition to tens of Mirage fighter planes, France has also provided Iraq with 500 mobile launching pads and 2,000 ground-to-air Ronald-2 missiles.

Other Iraqi military purchases from France include Super Etendard fighter planes, and Exocet, Hawk, and Milan missiles, Super Frelon helicopters, MX tanks and 155 mm automatic artillery.

The following list of recent events in this regard would clearly show the extent of Iraq's arms purchases:

— Two giant Soviet ships are currently unloading their military cargo destined for Iraq at Jordan's al-Aqaba Port.

— Egyptian sources have said that the Iraqi regime has so far received one billion dollars worth of arms from Egypt since the beginning of the war.

— Denmark has sold three combat ships to Iraq worth 7.5 million dollars, two of which have been delivered.

— Iraq purchases Chinese-built MiG fighter planes through Egypt.

— China is one of Iraq's major arms suppliers with the sale of one billion dollars of weapons.

— In the past week two ships were loaded with arms and ammunition for Iraq in Brazil.

— An Italian company has christened one of the two combat ships it has built for Iraq. One of these two ships is equipped with missiles.

— The American Bell Company has agreed to supply Iraq with an unspecified number of Bell 206 and Bell 212 helicopters through its branch factory in Italy.

— The West German magazine, *SPIEGEL* said that the companies in this country have exported large amounts of weapons to Iraq against international and humanitarian principles.

— France has delivered 38 Mirage planes to Iraq and is intending to deliver another 34 Mirage planes.

Iraq has also purchased other various equipment which are not considered weapons and ammunition but are used in the war. Among these a good example is the delivery of ten wagons full of electronic parts to the Iraqi Air Force by a Swiss company named B.B.C.

Iraq's military imports are not the only problem. Most factories in Iraq are operating below their capacity level or are not operating at all. Since agricultural production has also largely decreased, the Iraqi regime has had to allocate another portion of its oil income to imports which were once domestically produced. These imports include a contract with the U.S. for the purchase of 47,000 tons of rice worth 163 million dollars and a contract with an Australian company for the purchase of 1.25 million tons of wheat. However an additional 500,000 tons of wheat have been purchased from the U.S. to provide the needs of the people. At present much of Iraq's food imports have been suspended and there is shortage of most goods in this country and high prices. According to journalists and people who visited Iraq, the Iraqi people are not able to provide for the basic needs.

One of these journalists is the reporter of Radio Cologne who said in a report that there is a shortage of foods and consumer goods in shops and the government has stopped allowing the import of electric products, some textiles and canned goods. Fruits and vegetables are hard to find and expensive. The reporter adds that inflation is estimated at 50 percent and in Baghdad everything except for bus fares is higher than in Munich, Paris and New York.

The West German newspaper *SUEDDEUTSCHE ZEITUNG* also printed a report from its correspondent that shelves in Iraqi shops have become empty since the government decision to stop foreign reserve allocation for the import of consumer goods. The reporter said that even international hotels are using goods left in their old storage rooms. He said that a ship, carrying butter from New Zealand has been wandering in the Red Sea for weeks refusing to unload at Al-Aqaba Port before receiving the payments of previous credits to Iraq.

The financial pressures and the shortage of income have had more effects on investment costs. At present half-complete projects are being abandoned one after the other, let alone the starting of new projects. The only projects underway are vital military projects which are being implemented with the help of loans.

In the agricultural sector government investment has not only come to a near standstill but the government also lacks the necessary financial strength to give more credit for the costs of important agricultural plans.

In the industrial sector, despite laws which permit limited foreign investment, the main areas of economic activity are in the hands of the government and in the construction sector government licenses are necessary to get capital goods and machinery. According to Iraqi laws projects involving foreign investment must be approved by the government and at least 51 percent of the shares must go to the government. This includes investments made by Arab countries.

After the start of the Iraqi imposed war the government has been even more stringent. The government now approves projects with no more than 30 percent foreign capital investment.

A quarterly which prints analyses on Iraqi issues, reports: The agricultural plans for 1983 have been approved in a conference held by the government in March 1983 which was to decide on annual goals. According to the proposal given to this conference only 13.8 million hectare of land would go under cultivation because of present financial difficulties.

It is also expected that much work would not be done on land this year because many groups of people have been summoned to war. Large hydraulic engineering projects on river canals have not had good progress and a number of projects have not been competed. Construction work in this area is underway with a small amount of funds but this project lacks required funds and therefore the implementation of irrigation projects should be stopped.

Government investment in the industrial sector has decreased in recent months. Basic new projects are not carried out unless they are joint investments by Iraq and foreign countries or those which are considered vital and necessary for war. But generally industrial expansion projects have almost come to a standstill.

Although Iraq is suffering from a shortage of electricity, it is in no hurry to open a new power plant, despite the fact that volunteer Italian companies have tried to open the new Milan plant with the financial help of the Italian Government.

The transportation sector, like other economic sectors of Iraq, are in a depression because of the lack of financial capabilities and the only roads being built are directly related to war in order to transfer military arms (from neighbouring countries) faster into the country.

The Iraqi Government is not even able to pay the cost of treating its wounded soldiers abroad. The Swedish daily *AFTON BLADET* wrote: The officials at the Carolinska Hospital in Stockholm learned from the Iraqi Embassy that the Iraqi Government is not able to pay the cost of treating a wounded Iraqi soldier named Tawfiq Safar ... the wounded soldier has

attempted suicide three times since he heard the news a few days ago.

Prior to the war, foreign service companies could return 50 percent of their profit to their country of origin, foreign industrial companies 20 percent and banks and insurance companies 10 percent. In practice some were even able to send 75 percent of their profits out of Iraq. Foreign workers were also allowed to send 60 percent of their salary.

However, now that the economic decline has forced foreign companies to shut down, the Iraqi regime is illegally preventing them from sending their capital out of Iraq. Foreign contractors have also been unable to receive their money since early this year and some of them have received after months of delay.

Also a portion of the income of foreign workers which must be paid in foreign exchange is now being paid in Iraqi dinars.

The budget deficit: The staggering costs of the war and the lack of sufficient oil exports have resulted in Iraq providing income for only less than half its expenses in recent years and the other half has been provided by free financial aid from reactionary Arab regimes in the region, loans from international financial institutions and other countries.

In 1982 the Iraqi regime had an income of only 4.2 billion dinars against the expenses of 8.8 billion dinars and the current budget will have a deficit of 10.8 billion dinars in further difficulties do not arise.

Budget deficits have forced this country to print bank notes without financial backing and using foreign reserves for arms imports. This action has largely diminished Iraq's 35-billion-dollar reserves gathered before the war.

A report by the bank for international settlements says that during the first half of the year 1982 Iraq lost an average of one billion dollars in her exchange reserves except for her foreign exchange at the American banks. By the end of June 1982 Iraq's reserves dwindled to as much as 9 billion dollars.

Ever since the outbreak of her war with Iran, the Baghdad regime finding itself in a financial inform status has been applying for and receiving loans from foreign governments and international [words indistinct] any governments of the region as well as from capitalist countries, but despite that Iraq's foreign reserves have been constantly dwindling to a low now of two to three billion dollars. That is the reason why it can no longer pay cash for her foreign purchases, and for the same reason in addition to receiving high-interest loans it has had to obtain weapons and its needed items from abroad on a barter basis giving out its oil at exceedingly lower rates than its international price.

In its July 24, 1982 issue, the weekly *MIDDLE EAST ECONOMIST* says that only a small portion of Baghdad's debt to French [words indisntinct] one billion dollars, for which it has made no payments during [words indistinct] 1982. It predicts that by the end of the year of 1983 Iraq will not be able to pay back even a small portion of its debts.

Last month an agreement was entered into between France and Iraq. The agreement provides for a fresh credit to Saddam Husayn's government in order to help him pay back at least part of his loans. During the coming year the French Government is to purchase as [words indistinct] tons (?to cover the) cost of weapons bought from the French Government by Saddam Husayn's government. The credits to be extended to the Iraqi Government according to the agreement, can be used to defray some 85 percent of the total value of Baghdad's debt to French companies. Its debt to the remaining 15 percent is to be financed by an increase in its sale of oil to the French oil companies.

The concluding date for these credits is March 1985. Interest rate from the said credits is two percent higher than official rates and it is 1.5 percent higher than interest rates normally charged by the British banks. It also bears another five percent for administration costs. The difference in rate of interest means that Baghdad would have to pay an extra interest of ten million dollars annually. Oil companies which share as much as five percent in the credit loan to Iraq also benefit from the advantage of receiving more oil against lower prices.

Financial centres in the West which were initially willing to extend credits with lower interest rates have been proposing steadily less flexible terms to the Baghdad government. Saddam Husayn, too, has decided to give away the people's resources to the western governments at extremely low prices by concluding agreements providing for the future sale to the west of those resources.

At the time being one cannot say with much certainty how much Baghdad has already received in loan or aid from international monetary and financial institutions and from the various governments in addition to aids it has already received from the reactionary countries of the region or how much it has received on oil sold in its name by Saudi Arabia and Kuwait. All in all, however, ever since the outbreak of the war the Baghdad regime has received 50-plus billion dollars in loans from those resources.

The following is an itemized list of loans extended more recently to the Baghdad regime:

1 — Iraq receives a loan of dollars 30.5 million from the Islamic Development Bank for importing industrial goods and hospital equipment.

2 — King Husayn extends a loan of dollars 65 million to Baghdad for financing purchases from Jordan and for expenditures involved in the utilization of Al-Aqaba Port.

3 — Iraq has been receiving comparatively low interest loans while writhing under the pressure of the war. Neither the donors nor the Baghdad regime anticipate a repayment of such loans.

4 — Due to her current financial hardships, Baghdad has welcomed credits by reconstruction and development contractors.

5 — The Arab-French Bank has extended a bank credit of dollars 500 million to the Ar-Rafidayn Bank of Iraq.

6 — Baghdad received an additional dollars 1.6 billion in loan from the French Government on August 21, 1983.

7 — Hermess Insurance of West Germany has so far underwritten Dm 10-plus billion for Saddam Husayn's government.

8 — Governor of Iraq's commerce bank (Ar-Rafidayn) Abd al-Majid 'Allani recently confirmed receipt of a 500-million dollar loan from a group of international western banks.

9 — The French Government recently confirmed extension to the Baghdad government of a loan in dollars one billion.

10 — Tareq 'Aziz said recently that the United States has extended dollars 460 million in low-interest loan to the Iraqi Government.

Beside the above loans, foreign contracting companies in Iraq have had to postpone payment dates of sums due to them by the Baghdad government. In other instances the governments of these companies have extended credits to them in order to help them continue with their work in Iraq. The credits were as though extended to the Iraqi Government.

The majority of foreign creditor companies have postponed deadline for receipt of sums due to them by the Baghdad regime. The following is a summary account of just a few of such measures by foreign governments in the interest of the Baghdad government during the past months.

1. The Indian Government said recently that it would extend as much as rupees one million to Indian contracting companies in Iraq in order to protect them against bankruptcy, in the face of delayed payments by the Iraqi Government.

2. French, as well as the Federal Republic of Germany and Britain which are Iraq's principal creditors have agreed to wait for another year in order to receive delayed payments on their loans, whereas in all probability, the Baghdad government will be in a worse shape next year when her later loans will become mature by then.

3. The Japanese Government has agreed to postpone payment by Iraq of a dollar 1.5 million loan.

4. One creditor company and the Baghdad government, recently agreed to postpone payments [word indistinct] a dollars 191.7 million in loan which was due to be paid off in 1983.

International banks and financing institutions which at the outset of the Iraq-Iran war competed with one another in extending loans to the Baghdad government, are now reluctant to extend any loan to the Baghdad government occasionally doing so by charging exceptionally high interest rates. Writes *EURO-MONEY* published in England: An application by the Ar-Rafidayn Bank of Iraq for a dollars 500-million loan echoed like a bomb-blast in Europe's markets. The European banks frowning at the plea were mindful of the sky-rocketing expenditures [words indistinct] in the past, due to Iraq's attractive earnings on oil sale, these same banks always rivalled each other in extending loans to the Baghdad regime. This time, too, the Arab bankers association in France and several other banks among them the Al-Ahli Bank of Kuwait, the Arab Bank for Economic Development in Africa, the Arab Fund, the Gulf International Bank, Chase Manhattan Bank, and Paris National Bank have endorsed the agreement.

Says an European banker, ordinarily we make an effort to bring the name of the bank to the top of the list, but in this specific case we were trying to make sure that its name appears at the bottom of the list. After a group of 10 banks had underwritten the agreement, each one of them was looking for another bank to under-write an equivalent amount of dollars 20 million from the said total. By late September it happened that only the United Gulf Bank, the National Bank of Bahrain, the National Bank of Kuwait, the National Bank of Abu Dhabi and the commerce bank volunteered to involve themselves in the enterprise. Japanese banks expressly rejected the proposal, while there was no British or German banks among the leaders. The American banks, too, preferred not to be in the front row, and as such the situation was a catastrophic for the Ar-Rafidayn Bank of Iraq.

As can be noted from the above among the western banks only the American banks have volunteered to extend loans to the Iraqi Government. The rest of banks extending loans to the Baghdad Government are Arab banks which have paid loans to the Iraqi Government upon order from their reactionary heads of state. But even so during the past few months these banks have decreased in number.

A steady budget deficit and increasing loans from internal banks have on the one hand reduced the exchange value of dinar in Iraq, and on the other causing an inflation in that country of over 50 percent plunging the Iraqi people in aggravated poverty each and every day. Each day a multitude of children who have lost their parents or whose breadwinners are not able to provide for their daily living, ramble in the streets earning money for their subsistence by selling small and worthless items or by doing such other acts as polishing shoes for the more affluent community of foreigners in Iraq.

4. [As received] Impact of the economic situation in Iraq upon foreign countries and foreign companies in Iraq: At its outset, the imposed war had a positive impact upon the activities of fire-arms manufacturers in the western world and it helped improve an economic recession in many of the western countries and especially in France. After a few months those countries were, however, disappointed since there was a sharp decline in their own exports prompting them to do something seriously in order to rescue their multi-national companies in Iraq. The following is a summary of positive and negative impacts of the imposed war:

1. Positive impacts of the imposed war:

At its outbreak the imposed war left its impact upon the economy of foreign countries and especially of the western countries. Foreign enterprises reviewed immediate orders for export to Iraq of special commodities which initially help increase the volume of their exports to Iraq. As a result arms manufacturing factories sold their stock of their arms to the Baghdad regime and imme

diately started out to manufacture new arms for Iraq thereby significantly reactivating their arms manufacturing plants.

Alongside with that imports of industrial and agricultural items to Iraq also increased. Many countries dispatched their idle workers to Iraq in order to reduce their unemployment. As a result today there are tens of thousand of foreign workers from many countries employed in Iraq, among them are workers from Southeast Asia, East Europe in addition to 6,000 military advisors from France.

Roughly speaking about 15 percent of the population in Iraq today are Egyptian nationals who are mainly engaged in agriculture and also in battlefronts joined by thousands of Jordanian and Sudanese soldiers. Hotels in Baghdad are the haunts of the many thousand foreigners who are employed as workers in Iraq.

Writes *SUEDDEUTSCHE ZEITUNG* in one of its recent issues:

Local workers in Iraq are diminishing in number. Instead there are at least some 1.5 million workers from Egypt who can even become naturalized. In addition there are tens of thousands of Asian, Polish, and Yugoslav, and some 6,000 French workers, 4,000 Germans, and 5,000 Chinese people. Even workers in deluxe hotels which are the haunts of foreign workers are from such countries as Thailand, the Philippines and India.

2 Negative impacts of war upon foreign countries and foreign companies:

Shortly after the break-out of the war, Baghdad was hard pinched with financial problems. Her problems would become more and more serious with the passing of each and every day after the war, finding herself forced to limit her imports from abroad except for her arms purchases.

Currently credits cannot be opened for consumer items and development projects have been halted or significantly limited in their scope. As a result foreign companies have had to limit their activities while they have been finding themselves in an adverse situation regarding receipt of sums due to them by the Baghdad government. From late 1982 such companies were not only denied credits but had hard time receiving sums due to them which sums were made available to them with a three or four month delay. The foreign companies in Iraq are not even financially capable of paying the salaries of their own employees, prompting an involvement by their own national governments for precenting them from bankruptcy.

Writes *SUEDDEUTSCHE ZEITUNG* in a recent issue: No foreign company is allowed to terminate its activities. They have been threatened (by the Baghdad government) against denial of exit permit to their staffers in the event they should curtail their activities. Committed to paying salaries to their employees and to defray their other costs they are trying to obtain loan and foreign guarantees. The French companies top other foreign companies in number. Iraq's debt to France is something between 50 to 80 billion francs. The high sum would mean that any military set-back by Iraq would mean a consequential financial loss to France.

Writes *FINANCIAL TIMES* in its April 13 issue, a construction company which is highly active in the Middle East disclosed a freezing of payments by the Iraqi Government as of last January on current projects. The director of the company said sums outstanding to the company by the Iraqi Government at the time being is 20 million pound sterling. Other French companies are in similar state.

Industrial contractors in France say that French contractors engaged in non-military projects in Iraq currently have claims outstanding upon the Baghdad government of 5 billion francs and of 10 billion on military projects.

Between 1981 and 1982, France sold as much as 27 billion francs —2.45 billion in pound sterling —worth of military weapons to Iraq. Non-military agreements hit the same total. It is said that Iraq owes France as much as 35 billion francs — 3.18 billion in pound sterling. Iraq expects to receive new military equipment from France in exchange for her sale of oil to that company while some part of the oil belongs to Saudi Arabia.

A commission from export credit guarantees of Britain is to go to Baghdad later this month in order to conclude negotiation with Iraq over credit extension to Iraq of 150 million pound sterling. Basically the credit is to be expended for defraying the costs [word indistinct] British contracting firms in Iraq. Britain's exports to Iraq last year (?amounted to) 875 million pounds sterling were [passage indistinct].

Marubeni, Sumitomo and Mitsubishi of Japan have a combined claim upon the Iraqi Government of dollars 1.5 billion. Currently negotiations are being held in Baghdad in order to re-schedule payment of them by the Iraqi Government.

The exports credit bureau of West Germany had called on Iraq to fulfil her entire monetary obligations and unsettled debts which have remained outstanding from the last year as well as her obligations for local payments made this year. Thus credit extension will be made for only that portion of foreign exchange of contracts above dms 10 million (2.8 million in pounds sterling). It is said that Iraq owes as much as dollars 1 billion to German companies in that country.

As can be seen the above foreign companies engaging in non-military activities in Iraq have been the principal losers. Currently no foreign company would be willing to enter into any new contract with the Iraqi Government. This is true while foreign companies holding valid agreements with the Iraqi Government are in doubt whether Saddam's fall from power would not mean their consequential sink into the jaws of bankruptcy.

Precisely what or how much certian other governments are likely to lose in the event of Saddam's fall from power cannot be as yet determined. But in all probability any military set-back by Iraq would bring in financial loss to many firms and many foreign governments, an unescapable set-back on which Mitterrand reflected sometime ago in his apprehensive prophecy that a military set-back by Iraq would mean a financial disaster to France.

'Conference on Saddam's Crimes' Continues

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[All name spellings as received]

[Text] Tehran, Dec. 19, IRNA — In the third day of the ongoing conference on crimes of Saddam, speakers from various countries condemned crimes of the Iraqi Ba'thist regime against the people of Iran.

The seminar opened Saturday attended by some 110 participants from 32 different countries.

The first speaker of the conference, a militant member of the Iraqi ulema, Sadreddin al-Ghabanchi, who had been in detention for several months in Iraq and suffered torture, talked about efforts of Saddam to eradicate the Isalmic principles in Iraq. The infidel regime of Baghdad, dreaded awareness of the Muslims and as a result has banned any Islamic and political activities, he added.

Another speaker of the session was a personality from the Bangladesh Supreme Court, Abdulmakarim Abdul Jalili, who said that the Iraqi regime was using the most brutal and extensive torture against its opponents. The torture, he added included electric shocks and rape. He also deplored aggression of the Iraqi regime against the Islamic Republic of Iran.

A member of the international Islamic jurists from South Africa, Abdullah Osman, said that the Muslims should appreciate the real value of the holy Quran and inspired by its teachings should not give in to domination of superpowers. He also stressed that the Muslims in order to liberate Palestine, Afghanistan and Iraq, should launch a holy war.

He suggested that an international committee be set up to investigate crimes of Saddam and also a day be declared as the day for liberation of Iraq so that the people of the world would be informed of the crimes of the Iraqi regime and the chaotic situation in Iraq.

A participant from West Germany, Ali al-Amari, referred to the worldwide campaign to cover up crimes of Saddam. While, he said Saddam was an international criminal whom the propaganda of the oppressors has portrayed as a peace-loving man. He further urged the particpants to relay crimes of Saddam to the mass media so that people of the world would become aware of the realities.

A judiciary offcial from India, Belrag Triykya, told the conference that documents presented to the international organisations by Iran depicting crimes of Saddam against Iran and people of Iran, showed enormity of crimes of Saddam. He further added that he has studied crimes of Saddam in various places and the question is whether the world has given him due treatment?

He further suggested public tribunals should be held in various countries of the world in which jurists, judges and ulema put Saddam on trial.

Friday prayers leaders of the Fatah Mosque of Zaire, Shiekh Farounda, who is also amongst the guests, speaking to IRNA here today said that due to poisonous propaganda in the world, the people in his country were not aware of the realities of the Islamic Revolution of Iran. However, he added that he would talk about these realities after he returned to the country.

Another guest Hamzeh Qeidi from Algeria said that prior to the outbreak of the Iraqi imposed war, Saddam considered governments of the region reactionary and at the same time they regarded him as expansionist.

However, after the war with the support of the U.S. and other dominating powers, the reactionary governments and Saddam united to prevent the message of the Islamic Revolution of Iran from being conveyed to the world. He stressed that despite the wishes of the enemies of Islam, flames of the Islamic Revolution of Iran would not be extinguished.

Judge Comments on Tudeh Trial, Verdicts

LD191946 Tehran Domestic Service in Persian 1630 GMT 19 Dec 83

[Unnamed correspondent's interview with Hojjat ol-Eslam Mohammadi Reyshahri, religious judge of Armed Forces Islamic Revolution court; date, place not given — recorded]

[Text] [Correspondent] Mr Reyshahri, the Islamic Revolutionary Court of the Armed Forces has ended the trial of two wings (as heard) of members of the secret organization of the spying Tudeh Party. Could you please let us know if any verdicts have been returned so far?

[Reyshahri] In the name of God, the compassionate, the merciful. The verdicts of most of those who have been tried have been returned, but these verdicts should go through a number of stages before they are confirmed. We have therefore decided to wait so that when all the verdicts are confirmed we will then announce the verdicts of all the members of the secret organization, all at once.

[Correspondent] Could you please let us know their goals in connection with military issues for which they have been condemned?

[Reyshahri] They had two principal goals: One was espionage. They provided intelligence which the East required; they provided for the East's interests in this connection. The second goal was to overthrow the Islamic Republic and to bring to power a government that would be 100 percent dependent upon the Soviet Union.

[Correspondent] As you are aware, the world mass media — who are mainly, or totally, at the disposal of world imperialism, either Eastern or Western — have raised a number of issues in connection with the courts' proceedings. One of the issues raised is the absence of foreign reporters. Could you please comment on this issue?

[Reyshahri] The issue which prevented us from allowing foreign correspondents to be present was the fact that the trials had security dimensions. For security reasons, it was not possible to know who the foreign correspondents were or what they were. Also, since a number of military issues and military secrets were raised in the sessions of the court, and since the correspondents were foreigners, we did not find it advisable to allow them to hear all these issues. God willing, we will try to invite some foreign correspondents to one or two important sessions. If we can ensure security of the issues, we will try, God willing, to invite foreign reporters to one or two important sessions of the court when we hear the final defense by the officials of the secret organization.

[Correspondent] Mr Reyshahri, thank you very much.

[Reyshahri] You are welcome.

Radio Iran: Ramsar, Esfahan Officials Assassinated

GF191803 (Clandestine) Radio Iran in Persian 1330 GMT 18 Dec 83

[Text] Nosratollah Tafavot, Mobilization commander in Ramsar, and Naser Mondegari, member of a Guard Corps patrol unit in Esfahan, were assassinated by unknown individuals. According to our reports, Tafavot was captured by Khomeyni's opposition near Rud Sar and was annihilated in punishment for his crimes. Mondegari, who was a very active spy of the regime, was the target of an armed attack by the opposition at his workplace on Simin crossroad in Esfahan and was killed. It has been said in Esfahan that the opposition forces repeatedly warned Mondegari to refrain from espionage activities and to leave the service of Mullah Jalal Taheri, Khomeyni's Friday imam in Esfahan.